



INVESTMENT COMMITTEE WORKSHOP Agenda

**Thursday, November 18, 2021
9:00 a.m. ET**

**In-Person Meeting
Embry-Riddle University
1 Aerospace Blvd., Daytona Beach, FL 32114
Building #602 Henderson Board Room
[Map for Meeting Location and Parking Attached](#)**

**By Teleconference
Call-in Number: 866-528-2256
Guest Code: 4875556#**

Agenda Items	Minutes	
Call to Order		Jay Beyrouti
Roll Call		Jay Beyrouti
Welcome & Introductions		Jay Beyrouti
Public Comments		Jay Beyrouti
Agenda Workshop: <ul style="list-style-type: none">• Investment Committee Workshop Topics<ul style="list-style-type: none">▪ Independent Special District▪ Scale-Up▪ VMOST Objectives▪ VMOST Mission		Howard Haug Ron Lau Todd Romberger Frank DiBello
Closing Remarks/Adjournment		Jay Beyrouti

Map for Meeting Location and Parking Attached

Investment Committee Workshop Topics



**SPACE FLORIDA INVESTMENT COMMITTEE WORKSHOP
NOVEMBER 18, 2021
AGENDA TOPICS AND ADVANCED MATERIALS**

- **Will expanding Space Florida's Autonomy increase Florida's level of successful growth in the Space/Aerospace Industry.** Continuity as an Independent Entity created by the State with the right to exist and conduct its affairs as a going concern will enable greater key metric growth.
 - Backup Data Attachment - Enterprise Risk Management Data
 - Backup Data Attachment - White Paper - Governance Enhancement Considerations
 - Backup Data Attachment - Space Florida as a blended component unit of the State of Florida (Financials)
- **How to best scale-up Space Florida's Financial Business volume and close rate.** Opportunities exceed current Space Florida business capture and fulfillment capabilities, and close rate can always be improved.
 - Backup Data Attachment - Positioning Space Florida to Capture Scalable Growth
 - Backup Data Attachment - Financial and Business Development Impact
- **How to accomplish VMOST Objectives Quickly.** How much how quickly at what cost.
- **What are the next waves of VMOST Mission Element(s)?** Space/Aerospace Industry is highly technical and capital intense. It is quickly becoming competitively innovative, and fundamental and foundational to the world economy and quality of life.
 - Backup Data Attachment - Vision Mission and Objectives



ENTERPRISE RISK MANAGEMENT DATA

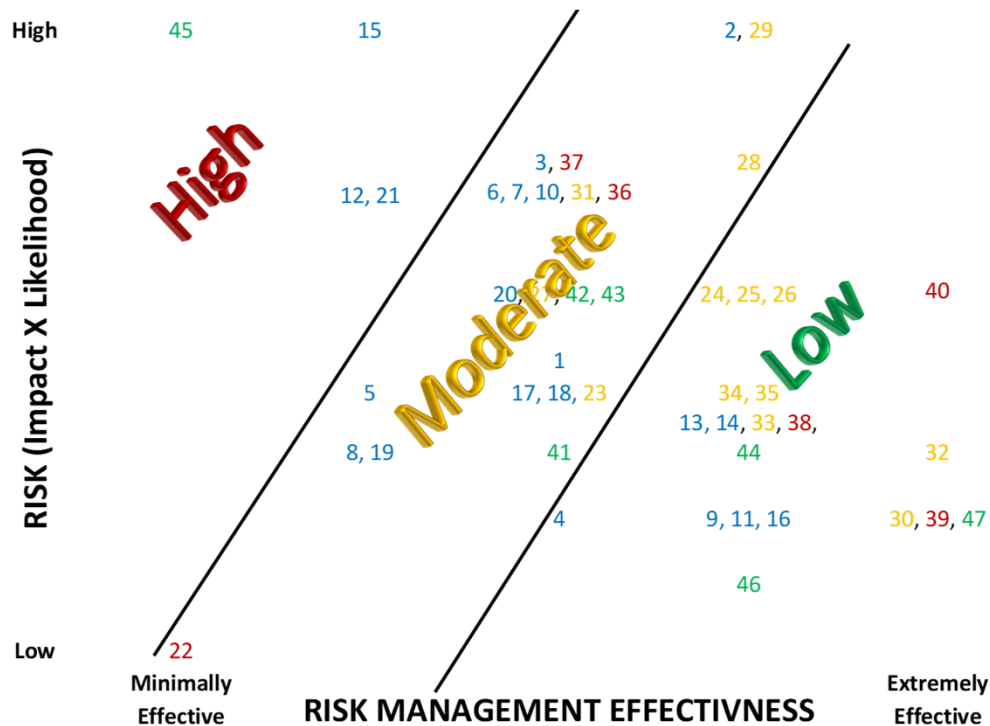


ENTERPRISE RISK MANAGEMENT BRIEF

- Space Florida's Enterprise Risk Management ("ERM") assessment documents input from our management team as to the business risk environment in which we operate and is used to determine resource allocation and evaluate new risks as they occur.
- The detail that drives the graphic begins with four major categories that are somewhat standard across various industries. The numbered sub-categories and respective descriptions are tailored to Space Florida's Business Environment. As you may recall management periodically updates its assessment using this document and presents the ERM to the Audit & Accountability Committee.
- The entire ERM document that includes worksheets and definition of risk ratings has previously been provided to you, at the recommendation of the Audit & Accountability Committee, to help you perceive the overall business risk profile for Space Florida as assessed by management.
- The graphic presents defined risk items by their impact significance times their likelihood of occurrence mapped against Space Florida's effectiveness at managing that risk item.
- The Graphic in its entirety is a data point provided to you for this Workshop. It depicts that Space Florida currently operates in a moderate to low risk environment with effective to very effective offsets via management of the risk. However, there are a couple of high-risk categories where management is minimally effective due to the genetics of Space Florida. These areas do consume resources and additional significant staff time would be required to move the risk to the right.
- The results are intended to be applied for the purposes associated with Space Florida's operating environment pertaining to risk management, growth initiatives, business climate and competitive environment.



ENTERPRISE RISK MANAGEMENT GRAPHIC DEPICTION



Highest Risk Areas With Lowest Effectiveness

- 45 - Activists (Regulatory/Oversight)
 - Provoke action by criticism
- 15 - Space Force /NASA (Infrastructure)
 - Resistance to change
- 12 - Limiting Regulatory Constraints (Industry)
 - Restrictive regulations impairing growth
- 21 - Political Influence (Competitive)
 - More effective

SPACE FLORIDA



WHITE PAPER GOVERNANCE ENHANCEMENT CONSIDERATIONS



SPACE FLORIDA GOVERNANCE ENHANCEMENT CONSIDERATIONS

Space Florida Board of Directors Governance Enhancements considerations to growth issues and certain stakeholders' requests.

Reasons for Thinking:

- Space Florida's Business has grown significantly both in size and volume of activities, and complexity of deals.
- Request by governmental spaceport landholders to re-assess industry representation at the Board Level.
- Request by state elected individuals to have Board Role.
- Enhancements/Advancements in Board Governance across Traded and High-Profile Non-Profit and Government Entities to better define Directors Roles and Responsibilities, Transparency, Risk Management, and Accountability.

Business Growth Challenges:

- Space Florida has entered within the last year a scaling-up phase (See attached Paper on "Positioning Space Florida to Capture Scalable Growth"). Its Governance Policies were last updated in December 2016 and defined the exercise of authority to direct and control a smaller emerging organization (www.spaceflorida.gov/wp-content/uploads/2021/02/Space-Florida-Governance-Policies.as-of-12.16.16-Final.pdf). Increased business activities and greater profile within the industry now requires a Functional Board of Directors with capacity and capabilities to control and direct the greater volume, complexity of the business, and oversee the management of risks relevant to Space Florida's structure as an Independent Special District, a Body Politic and Corporate, and a component unit of the State of Florida. Space Florida's Financial and Internal Control Systems provide assurance of complete financial reporting of financial transactions and disclosures for transparency, and Ethics and Regulatory compliance now require greater oversight of the boards role and responsibilities. Thus, the roles and responsibilities of the individual Directors, The Board, and the Board Committees need definition and exactness as to their engagement including engagement with the stakeholders who they represent. Examples of enhanced governance include requirement of independence, director selection criteria and process, equal voting authority, reporting of attendance at meetings, summary of board member skills, attributes, experience, and tenure on Board.

Request for Industry Representation at the Board Level:

- Aerospace and space industry representation on the Board could provide great value to Space Florida. Such representation has been pursued in the past without success, as individuals with desirable industry expertise currently employed in the industry face issues of lack of independence in fact and appearance when addressing any board item that involves their current employer, competitor, or customer. Additionally, board members are frequently provided with confidential client information to fulfill their roles and responsibilities, which



would create a conflict in the case of entities competing with a Board member's employer. In such instances, Space Florida's clients will not tolerate a non-related industry party with a director role having insight to their dealings with Space Florida. A board member that cannot debate or vote on several board items is an ineffective board member and dilutes the quality and effectiveness of the board. In addition, when industry representation on Space Florida's board was discussed with industry executives, they often preferred to avoid such conflicts of interest to be, or keep the option open to become, a Space Florida Client as opposed to having direct representation via a board director. One possible alternative, that is often applied in industry, is to recruit retired Industry "C-Level" Officers. These individuals who have significant senior executive experience and broad industry knowledge, and no longer have the challenges of independence are the most desirable. Also desirable are retired senior government officials with industry involvement or oversight such as Former NASA Administrators, or FAA Administrators. Do note most likely these individuals will require compensation for their time and travel expenses. In addition, to best add industry representation to the board given Space Florida's Global focus of marketing Florida, representatives that have recognizable and respected individual global brands and experience for at least three such positions would provide for optimum balance of personal opinions and should be added. A nomination and selection process must be developed to affect the addition of such retired C-Level industry officers to the board.

Request by State Elected Officials to have Board Role:

- Space Florida believes that Ex-Officio representation on the board could provide value provided that any Ex-Officio members share the same defined roles and responsibilities as the rest of the board including voting responsibility and offer statewide representation consistent with Space Florida's Charter.
- Prior governance structure defined such role as Ex-Officio without voting responsibilities. Ex-Officio meaning because of one's status or position. Such positions frequently clashed with voting board members in debates and topics during public meetings on non-Space Florida business issues, often frustrating voting directors. The power of Ex-Officio to express opinions without voting responsibilities or accountability is inconsistent with the Board's role and responsibilities.
- In the past, voting Directors often expressed concern that non-voting Ex-Officio members brought political agenda items to board meetings which were unrelated to Space Florida's business agenda. In addition, Ex-Officio representation was primarily Space Coast based and did not demonstrate appropriate statewide focus as defined in Space Florida's Charter. Such a structure has in the past caused several board members to resign rather than be a part of such a board. The Ex-Officio role as defined above was eventually eliminated by the Executive Office of the Governor and in a matter of form all current Space Florida Board Directors became Board Members via their position as a EFI Board member.
- To add several additional statewide Board Members via their elected positions with the same role and responsibilities of current directors would bring value and not be inconsistent with the Board's role and responsibilities and should be sought from representatives of varied regions across the state consistent with Space Florida's statewide charter.



Enhancements/Advancements in Board Governance across traded and high-profile non-profit and government entities to better define directors roles and responsibilities, transparency, risk management, and accountability.

- Space Florida believes that Board governance will be enhanced along with creditability in the market by adding the following elements to Board Governance:
 - Add a Lead Director Role to support the Chair
 - Formalize Board's role and responsibilities respective to risk management for Space Florida
 - Report annually a matrix of board members skills, attributes, and experience
 - Annually conduct Multi-Step Board Evaluations including one-on-one director peer evaluations, committee self-evaluations, and board self-evaluation survey
 - Report annually board member attendance at meetings
 - Annual report of Board engagement with stakeholders
 - Requirement of in-person attendance and reimbursement of travel expenses

SPACE FLORIDA



**SPACE FLORIDA AS A BLENDED
COMPONENT UNIT OF THE STATE OF
FLORIDA
(FINANCIALS and GOVERNANCE)**

Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended June 30, 2020

JIMMY PATRONIS CHIEF FINANCIAL OFFICER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of Florida's (the state's) financial reporting entity includes the primary government (i.e., legislative agencies, the Governor and Cabinet, departments and agencies, commissions and boards of the Executive Branch, and various offices relating to the Judicial Branch) and its component units.

Component units, as defined in Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, are legally separate organizations for which the elected officials of the state are financially accountable. Financial accountability is the ability of the state to appoint a voting majority of an organization's governing board and to impose its will upon the organization. When the state does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if: (1) an organization is fiscally dependent upon the state because its resources are held for the direct benefit of the state or can be accessed by the state and (2) the potential exists for the organization to provide specific financial benefits to, or impose specific financial burdens on the state. In addition, component units can be other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

Blended Component Units

A component unit is reported as blended when either (1) the component unit's governing body is substantively the same as the governing body of the state, *and* (a) there is a financial benefit or burden relationship between the governing body of the state and the component unit, *or* (b) management of the governing body of the state has operational responsibility for the component unit, *or* (2) the component unit provides services entirely, or almost entirely, to the state or otherwise exclusively, or almost exclusively, benefits the state, *or* (3) the component unit's outstanding debt is expected to be repaid entirely or almost entirely with resources of the state.

The following component units provide services entirely or almost entirely to the primary government, or have outstanding debt that is expected to be paid entirely or almost entirely with state resources:

- Career Source Florida, Inc.
- Corrections Foundation, Inc.
- Florida Board of Governors
- Florida Citrus Commission (Department of Citrus)
- Florida Clerks of Court Operations Corporation
- Florida Commission on Community Service (Volunteer Florida)
- Florida Department of Transportation Financing Corporation
- Florida Engineers Management Corporation
- Florida Intergovernmental Relations Foundation*
- Florida Prepaid College Board
- Florida School for the Deaf and the Blind
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Prescription Drug Monitoring Program Foundation*
- Scripps Florida Funding Corporation
- Space Florida
- State Board of Administration (SBA)
- State Board of Education (SBE)
- Wireless Emergency Telephone System

Blended component units that are considered major funds are reported in separate columns in the fund financial statements. Other blended component units that are considered non-major funds are reported with other funds in the appropriate columns in the fund financial statements. In addition, the financial data for some blended component units are reported in more than one fund type, some of which are considered major and others that are considered non-major. Refer to Section D of this note for more information on the determination criteria for major funds and a list of major funds and fund types.

* The state's financial statements do not include amounts relating to these component units. The assets of these component units at June 30, 2020, are approximately \$1,481,355.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(in thousands)

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/20
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 3,071	\$ 335	\$ 30,020	\$ 33,426
Pooled investments with State Treasury	397,272	—	—	397,272
Other investments	10,621	—	3,697	14,318
Receivables, net	3,318	26	28,622	31,966
Due from other funds	11,336	—	—	11,336
Due from component units/primary	154	—	—	154
Inventories	1	—	—	1
Other	27	52	1,274	1,353
Total current assets	425,800	413	63,613	489,826
<u>Noncurrent assets</u>				
Long-term investments	60,022	—	—	60,022
Other loans and notes receivable, net	—	—	3,149	3,149
<u>Capital assets</u>				
Buildings, equipment, and other depreciable assets	32,407	438	293,478	326,323
Accumulated depreciation	(25,851)	(355)	(55,206)	(81,412)
Construction work in progress	256	—	14,620	14,876
Other	—	—	4,497	4,497
Total noncurrent assets	66,834	83	260,538	327,455
Total assets	492,634	496	324,151	817,281
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related items	45,625	—	—	45,625
Other postemployment benefits	33,783	—	—	33,783
Total deferred outflows of resources	79,408	—	—	79,408
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	5,504	207	35,317	41,028
Due to other funds	9,186	—	—	9,186
Due to component units/primary	277	154	—	431
Compensated absences	5,881	—	159	6,040
Installment purchases/capital leases	—	—	773	773
Deposits	16,378	—	2,922	19,300
Obligations under security lending agreements	18,598	—	—	18,598
Pension liability	711	—	—	711
Other postemployment benefits liability	2,512	—	—	2,512
Total current liabilities	59,047	361	39,171	98,579
<u>Noncurrent liabilities</u>				
Deposits	42,824	—	123,695	166,519
Installment purchases/capital leases	—	—	7,444	7,444
Compensated absences	15,831	—	125	15,956
Pension liability	122,584	—	—	122,584
Other postemployment benefits liability	191,748	—	—	191,748
Other	—	—	1,449	1,449
Total noncurrent liabilities	372,987	—	132,713	505,700
Total liabilities	432,034	361	171,884	604,279
DEFERRED INFLOWS OF RESOURCES				
Pension-related items	13,174	—	—	13,174
Other postemployment benefits	40,906	—	—	40,906
Total deferred inflows of resources	54,080	—	—	54,080
NET POSITION				
Net investment in capital assets	6,812	83	118,276	125,171
Restricted - other	—	52	2,080	2,132
Unrestricted	79,116	—	31,911	111,027
Total net position	\$ 85,928	\$ 135	\$ 152,267	\$ 238,330

**STATEMENT OF NET POSITION
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(in thousands)**

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/20
ASSETS					
Cash and cash equivalents	\$ 201,360	\$ 537,318	\$ 503,327	\$ 1,073,234	\$ 2,315,239
Pooled investments with State Treasury	983,742	888,897	—	1,775,932	3,648,571
Other investments	1,795,800	1,637,415	8,538,881	5,386,101	17,358,197
Receivables, net	188,552	715,354	230,628	959,589	2,094,123
Due from component units/primary	—	106,881	—	451,818	558,699
Inventories	—	80,178	—	37,259	117,437
Restricted cash and cash equivalents	—	54,131	8,534	495,384	558,049
Restricted pooled investments with State Treasury	—	211,567	—	667,469	879,036
Restricted investments	—	2,833,104	—	4,188,043	7,021,147
Other loans and notes receivable, net	2,202,197	23,486	—	98,218	2,323,901
Other assets	1,878	295,796	31,241	390,601	719,516
Capital assets, net	—	4,147,670	3,854	22,494,428	26,645,952
Total assets	5,373,529	11,531,797	9,316,465	38,018,076	64,239,867
DEFERRED OUTFLOWS OF RESOURCES					
Accum. decrease in fair value-hedging derivatives	—	52,395	—	21,176	73,571
Grants paid in advance	—	—	—	15	15
Amount deferred on refunding of debt	—	27,175	—	28,857	56,032
Pension-related items	—	323,933	—	1,262,733	1,586,666
Other postemployment benefits	—	172,648	—	485,641	658,289
Asset retirement obligations	—	8,883	—	—	8,883
Total deferred outflows of resources	—	585,034	—	1,798,422	2,383,456
LIABILITIES					
Accounts payable and accrued liabilities	32,024	901,390	772,279	957,643	2,663,336
Due to component units/primary	—	33,546	—	42,840	76,386
Long-term liabilities					
Due within one year	325,129	231,831	1,014,502	685,530	2,256,992
Due in more than one year	2,168,367	3,993,584	1,005,809	10,371,441	17,539,201
Total liabilities	2,525,520	5,160,351	2,792,590	12,057,454	22,535,915
DEFERRED INFLOWS OF RESOURCES					
Deferred service concession arrangement receipts	—	—	—	114,186	114,186
Grants received in advance	—	—	—	1,535	1,535
Amount deferred on refunding of debt	—	2,121	—	240	2,361
Pension-related items	—	125,490	—	277,553	403,043
Other postemployment benefits	—	226,520	—	369,184	595,704
Irrevocable split-interest agreements	—	17,077	—	40,738	57,815
Total deferred inflows of resources	—	371,208	—	803,436	1,174,644
NET POSITION					
Net investment in capital assets	—	2,450,640	3,854	19,861,683	22,316,177
Restricted for					
Debt service	—	4,536	—	38,338	42,874
Other	2,674,469	577,810	8,534	4,813,029	8,073,842
Funds held for permanent endowment					
Expendable	—	542,562	—	488,104	1,030,666
Nonexpendable	—	1,425,766	—	2,261,484	3,687,250
Unrestricted	173,540	1,583,958	6,511,487	(507,030)	7,761,955
Total net position	\$ 2,848,009	\$ 6,585,272	\$ 6,523,875	\$ 26,955,608	\$ 42,912,764

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 72,169	\$ 46,156	\$ 118,325	\$ 2,315,239
Pooled investments with State Treasury	22,778,300	4,048,567	26,826,867	3,648,571
Other investments	1,388,044	30,848,848	32,236,892	17,358,197
Receivables, net	5,612,678	2,119,581	7,732,259	2,094,123
Internal balances	368,802	(368,802)	—	—
Due from component units/primary	13,050	500	13,550	558,699
Inventories	45,750	11,793	57,543	117,437
Restricted cash and cash equivalents	—	156	156	558,049
Restricted pooled investments with State Treasury	—	204,890	204,890	879,036
Restricted investments	—	571,833	571,833	7,021,147
Advances to other entities	792,217	—	792,217	—
Other loans and notes receivable, net	3,074,129	1,913,677	4,987,806	2,323,901
Other assets	2,294	42,413	44,707	719,516
Capital assets, net	81,110,399	15,236,069	96,346,468	26,645,952
Total assets	115,257,832	54,675,681	169,933,513	64,239,867
DEFERRED OUTFLOWS OF RESOURCES				
Accum. decrease in fair value - hedging derivatives	—	—	—	73,571
Grants paid in advance	—	—	—	15
Amount deferred on refunding of debt	88,979	25,304	114,283	56,032
Pension-related items	3,506,810	57,279	3,564,089	1,586,666
Other postemployment benefits	1,426,951	39,760	1,466,711	658,289
Asset retirement obligations	—	—	—	8,883
Total deferred outflows of resources	5,022,740	122,343	5,145,083	2,383,456
LIABILITIES				
Accounts payable and accrued liabilities	3,030,724	2,124,850	5,155,574	2,663,336
Due to other governments	—	11,552	11,552	—
Due to component units/primary	70,080	431	70,511	76,386
Obligations under security lending agreements	1,602,500	2,529,535	4,132,035	—
Long-term liabilities				
Due within one year	4,008,740	4,783,717	8,792,457	2,256,992
Due in more than one year	39,059,709	15,638,479	54,698,188	17,539,201
Total liabilities	47,771,753	25,088,564	72,860,317	22,535,915
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	—	134,632	134,632	114,186
Grants received in advance	—	—	—	1,535
Amount deferred on refunding of debt	99,647	16,625	116,272	2,361
Pension-related items	878,419	16,003	894,422	403,043
Other postemployment benefits liability	1,860,536	48,029	1,908,565	595,704
Irrevocable split-interest agreements	—	—	—	57,815
Total deferred inflows of resources	2,838,602	215,289	3,053,891	1,174,644
NET POSITION				
Net investments in capital assets	75,163,014	12,022,039	87,185,053	22,316,177
Restricted for				
Natural resources, environment, and growth management	4,170,683	—	4,170,683	—
Public Education	405,676	—	405,676	—
Health and Family Services	1,781,785	—	1,781,785	—
Transportation	1,698,367	249,847	1,948,214	—
Nonmajor governmental funds	1,269,395	—	1,269,395	—
Debt service	30,391	—	30,391	42,874
Lottery	—	139,270	139,270	—
Prepaid College Program	—	3,566,380	3,566,380	—
Hurricane Catastrophe Fund	—	10,351,755	10,351,755	—
Reemployment Assistance	—	2,318,051	2,318,051	—
Other	700,498	2,132	702,630	8,073,842
Funds held for permanent endowment				
Expendable	—	—	—	1,030,666
Nonexpendable	—	—	—	3,687,250
Unrestricted	(15,549,592)	844,697	(14,704,895)	7,761,955
Total net position	\$ 69,670,217	\$ 29,494,171	\$ 99,164,388	\$ 42,912,764

The notes to the financial statements are an integral part of this statement.



POSITIONING SPACE FLORIDA TO CAPTURE SCALABLE GROWTH

Vision and Mission

Space Florida's Vision is "Florida is the leading global and interplanetary center for sustainable aerospace commerce". Space Florida's Missions to reach that Vision are: (1) Increase Investment Activity in Florida's Aerospace Ecosystem; (2) Maximize Capacity and Capability of Florida's Spaceport Systems; (3) Accelerate Innovation in Commercial Aerospace Applications; and (4) Enable Statewide Aerospace Industry Growth. To accomplish the Vision and Missions, Space Florida must transition to a sustainable, scalable model, or risk its ability to continue to grow the aerospace and space industry in the state which would represent a catastrophic lost opportunity with statewide impact.

Scaling Up

The scaling up phase of growth occurs after an entity has emerged from the start-up phase in which governance, process, and resources are initially put into place and traction in an addressable market is established. Scaling up occurs prior to an entity reaching a phase of full maturity in which period over period growth rate is very minor, but important. Simply put, to enter a scaling-up phase an entity cannot be a start-up, nor can it be large.

Growth often is linear. It takes a great deal of resources and planning to sustain consistent growth. The key to scaling-up is to increase results without a substantial increase in resources. In scaling-up the operational aspects of an entity, the primary stakeholder is the client. The organization must stand out from the crowd by differentiating itself via agility, flexibility, and speed, while reliably and consistently delivering for its customers. An organization must develop a culture that aligns with market facing stakeholders and assemble the right team to build the foundation upon which to scale, with the necessary skills and experience, and the ability to work together as one towards common goals.

With over \$2.7 Billion Dollars in conduit finance transactions and a balance sheet of \$329 Million Dollars, Space Florida is currently the size of a publicly traded mid-cap (defined as mid-size companies with between \$2 billion and \$10 billion in market capitalization). Space Florida has transitioned from start-up mode by establishing itself in the market with its product and services. Fortunately, current, and near-term expected opportunities exceed Space Florida's current resources. There is also now a need for succession planning to become an important part of Space Florida's overall planning. Space Florida is not yet large enough to have reached full maturity or static growth and operates in an industry that is experiencing exponential growth. Thus, the time is favorable for Space Florida to shift to the scaling-up phase of its evolution through various measures of organizational enhancement.

To scale-up, strong governance is a must to meet regulatory and oversight requirements mandated by clients, investors, and regulators. Space Florida maintains that the building blocks required for a strong corporate governance framework are: (1) a functional Board of Directors comprised of independent experienced business experts; (2) business-oriented Financial and Internal Control Systems to provide assurance of accurate and complete financial reporting of financial transaction and disclosures for



transparency of expectations; and (3) Ethics & Regulatory Compliance that ensures the organization is doing the right things beyond legal requirements.

The Path Forward

To address these issues management began implementing organizational changes in 2020 to better leverage developed processes, procedures, and technology, provide a pathway to develop executive management, and create economy of scale capacity to capture more market share.

To scale its operations and results, Space Florida must focus on the following areas, all critical to its ability to meet the challenges and opportunities of the current aerospace and space market:

- 1) **Refine the role and responsibilities of the Board of Directors:** Leveraging the Board's business expertise and ability to engage with stakeholders is a critical asset for the organization. Space Florida must establish mechanisms for increased engagement by the Board of Directors, and expand and focus the efforts of Board Committees, to provide regular and active direction and input into Space Florida's strategies.
- 2) **Establish a strong brand identity:** Space Florida's efforts to date have established Florida as a leading place for aerospace and commercial space activity, however the Space Florida brand could be strengthened to enhance and differentiate the business brand of Florida as well as effectively reinforce Space Florida's roles in the aerospace and space capital markets and as the statewide spaceport system development authority.
- 3) **Enhance financial and internal control systems:** Space Florida continues to implement additional levels of internal control, primarily via technology, to ensure compliance with its process and procedures. In addition, Space Florida has expanded its professional staff to address and resolve the increasing complexities of its business results.
- 4) **Expand in-place the right team:** Space Florida has much of the right team in place and has recently undertaken an organizational re-alignment to establish Business Units with distinct responsibility for the products and services provided by Space Florida. Strategic growth of staff will be necessary in certain functional areas, and Space Florida will also lose certain senior executives to retirement in the next several years. Therefore, the establishment and implementation of a staffing and succession plan is critical.

SPACE FLORIDA



FINANCIAL AND BUSINESS DEVELOPMENT IMPACT

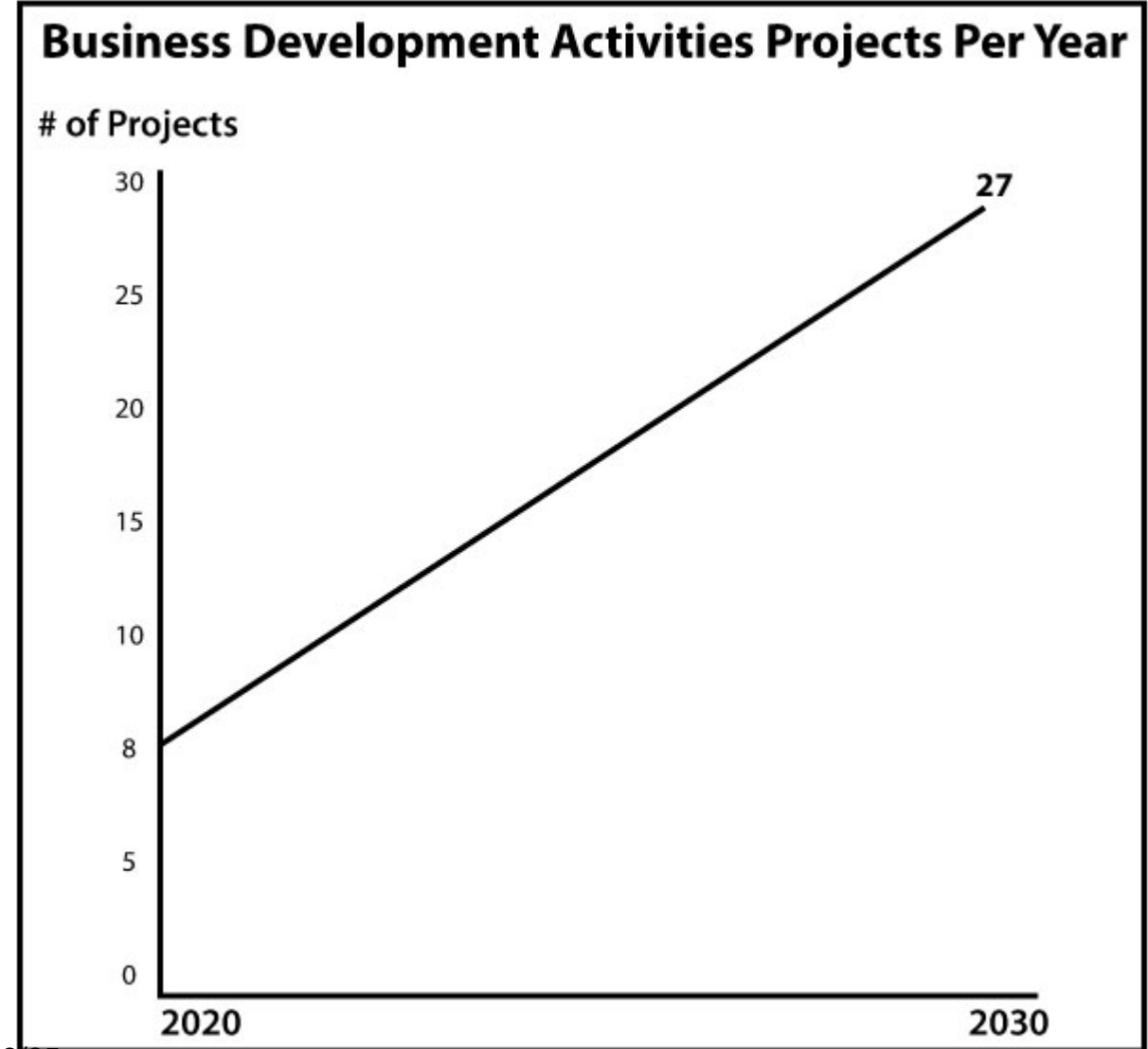
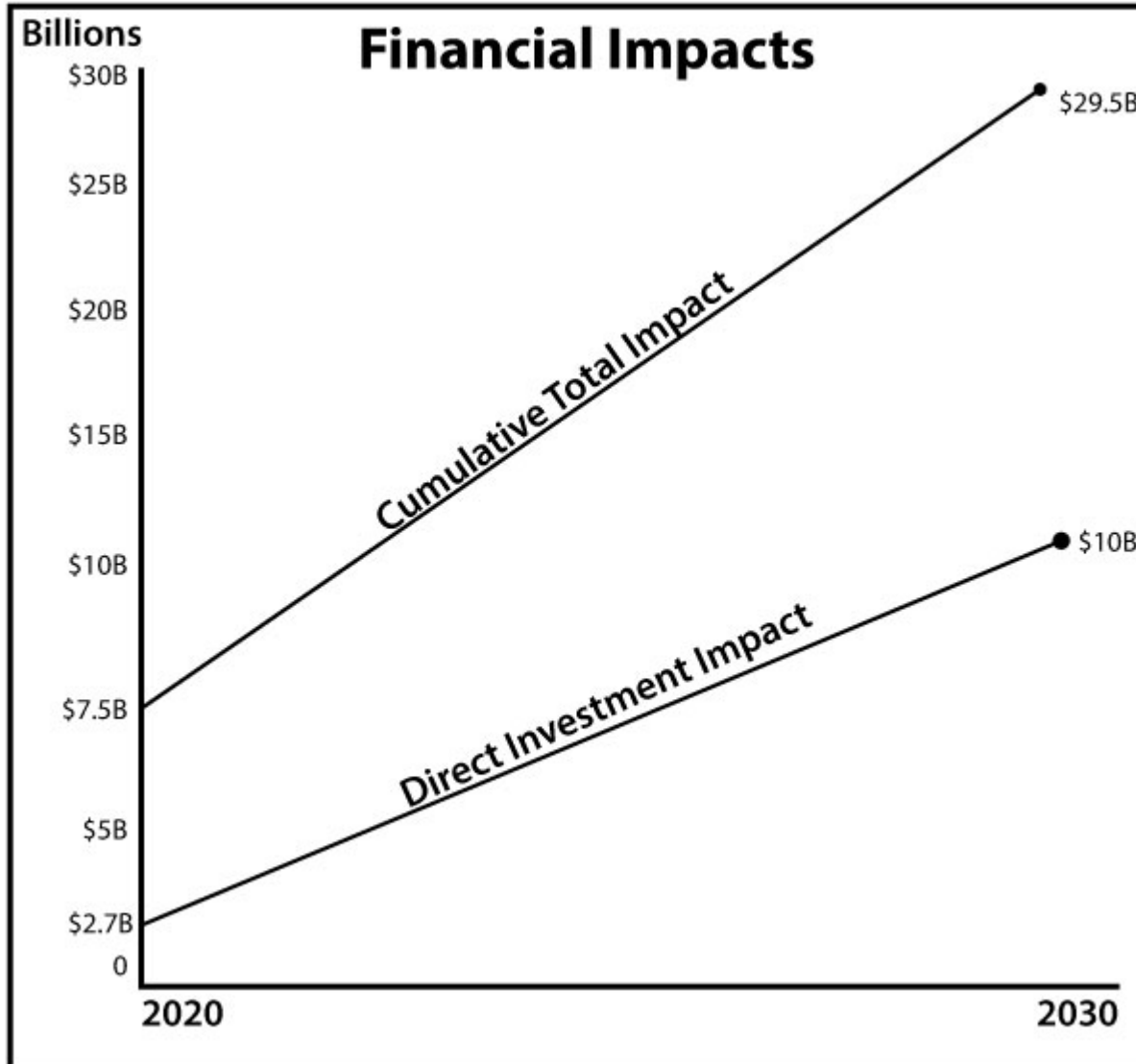


FINANCIAL AND BUSINESS DEVELOPMENT IMPACT BRIEF

- Two chart Graphic is to provide you with Data Points of the financial impact to the aerospace Industry in Florida, that Space Florida has enabled as of 2020 via two related measurements: Direct Investment Impact (defined as total investment in capital assets along with number of jobs times average annual salaries) and Cumulative Total Impact (defined as Direct Investment Impact, plus indirect investment impact, plus induced investment impact).
- The 2030 Direct Investment Impact Goal was set by Our President, Frank.

WHAT HAS TO HAPPEN TO GET US FROM WHERE WE ARE TODAY TO THE 2030 GOAL:

- The slope of the Direct Investment Impact line is computed by the volume of projects, their capital Investment, and the number of Jobs and Annual Wages they create to enable the growth needed to meet the goal... this goal requires a 13.99% Compounded Annual Growth Rate (CAGR).
- Cumulative Total Impact by 2030 is the total of the Direct, Indirect, and Induced activity that results from the direct investment impact.....this growth rate is slightly higher than just the Direct Investment Impact at 14.68%.
- The chart graphic to the right titled Business Development Activities Projects Per Year translate the impact growth into an estimated number of projects that have to close per year at an average capital investment amount plus average estimated number of jobs and estimated average annual wage rates.
- This performance index will have to increase from 8 in 2020 to 27 by 2030 a 12.93% compounded annual growth rate. Or stated another way a 3.4 multiple increase.



SPACE FLORIDA



VISION, MISSION AND OBJECTIVES



VISION, MISSION AND OBJECTIVES

VISION

What the future we want looks like for the organization.

"The future is a place where...."

Florida is the leading global and interplanetary center for sustainable aerospace commerce.

MISSION

The big areas of change to the status quo. Action oriented.

"We will reach that place by..."

Increase Investment Activity
in Florida's Aerospace Ecosystem

Maximize Capacity and Capability
of Florida's Spaceport System

Accelerate Innovation
In Commercial Aerospace
Applications

Enable Statewide Aerospace
Industry Growth

OBJECTIVES

SMART KPI's and metrics to measure our progress.

"How we know when we are there..."

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| <ul style="list-style-type: none"> • Grow Space Florida's portfolio from \$2B to \$10B by 2030 • Achieve 2:1 leverage of appropriated funds for deal participation through internal returns by 2030 • 100 companies participating in Space Florida backed capital accelerator programs annually by 2030 | <ul style="list-style-type: none"> • 3x increase in % of Spaceport System Utilized by Commercial Entities by 2030 • Space Florida's Portfolio of Spaceport Assets are Self-Sustaining by 2030 • 100 Annual Launches in Florida by 2030 • 20% of space hardware launched from FL is built or operated in FL by 2030 • Establish Florida ties to one or more elements of in-space infrastructure as expansion of Florida's Spaceport System by 2030 | <ul style="list-style-type: none"> • 100 companies participating in Space Florida backed R&D programs annually by 2030 • Space Florida to enable creation of one or more innovation center(s) to solve industry challenges by 2030 | <ul style="list-style-type: none"> • Establish three or more projects in each of the 8 regions in Florida – Northwest, North Central, Northeast Tampa Bay, Orlando Space Coast, South Central, Southwest, Southeast • Florida ranked 4th or better nationwide in aerospace and defense employment by recognized national publication by 2030 |
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